

ECONOMIC DEVELOPMENT REGION 2: Headwaters

Covers counties:

Beltrami, Clearwater, Hubbard,
Lake of the Woods, and Mahnomn

2015 REGIONAL PROFILE

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DEMOGRAPHICS

POPULATION CHANGE, 2000-2014

Economic Development Region 2 - Headwaters includes a total of 5 counties, located in the Northwest Minnesota planning region. Region 2 was home to 84,451 people in 2014, comprising 1.5 percent of the state's total population. The region saw a 10.9 percent population increase since 2000, making it the fourth fastest growing of the 13 economic development regions (EDRs) in the state, but it is still the second smallest in total population.

In comparison, the state of Minnesota saw an identical 10.9 percent gain from 2000 to 2014 (see Table 1).

	2000 Population	2014 Estimates	2000-2014 Change	
			Number	Percent
Region 2	76,161	84,451	+8,290	+10.9%
Beltrami Co.	39,650	45,664	+6,014	+15.2%
Clearwater Co.	8,423	8,791	+368	+4.4%
Hubbard Co.	18,376	20,573	+2,197	+12.0%
Lake of the Woods	4,522	3,918	-604	-13.4%
Mahnomen Co.	5,190	5,505	+315	+6.1%
Minnesota	4,919,479	5,457,173	+537,694	+10.9%

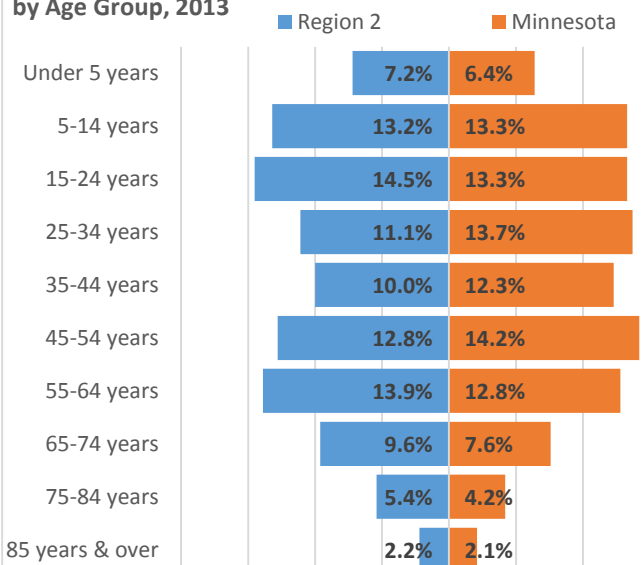
Source: [U.S. Census Bureau, Population Estimates](#)

Four of the 5 counties in the region saw population gains since 2000, led by Beltrami County, which welcomed over 6,000 people and is easily the largest county in the region. Hubbard County gained about 2,200 residents from 2000 to 2014, while Clearwater and Mahnomen County both added over 300 people. In contrast, Lake of the Woods County was the smallest in the region, and saw a decline.

POPULATION BY AGE GROUP, 2000-2013

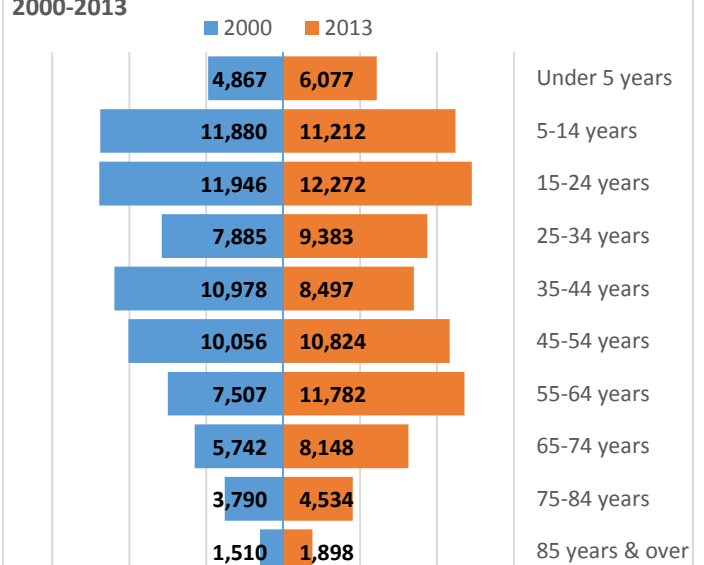
Region 2's population is both older *and* younger than the state's, with 17.2 percent of the population aged 65 years and over in 2013, compared to 13.9 percent statewide. Region 2 also had a higher percentage of people under 25 years of age, thanks to the presence of several postsecondary institutions in the region. In contrast, Region 2 had a much smaller percentage of people in the 25 to 54 year old age group, typically considered the "prime working years." More than one-fourth of the region's population was a part of the Baby Boom generation, people born between 1946 and 1964, which is creating a significant shift in the population over time. While the number of younger residents was seeing steady growth, the number of residents aged 45 years and over was rapidly increasing (see Figure 1 and Figure 2).

Figure 1. Percentage of Population by Age Group, 2013



Source: U.S. Census Bureau, American Community Survey

Figure 2. Region 2 Population Pyramid, 2000-2013



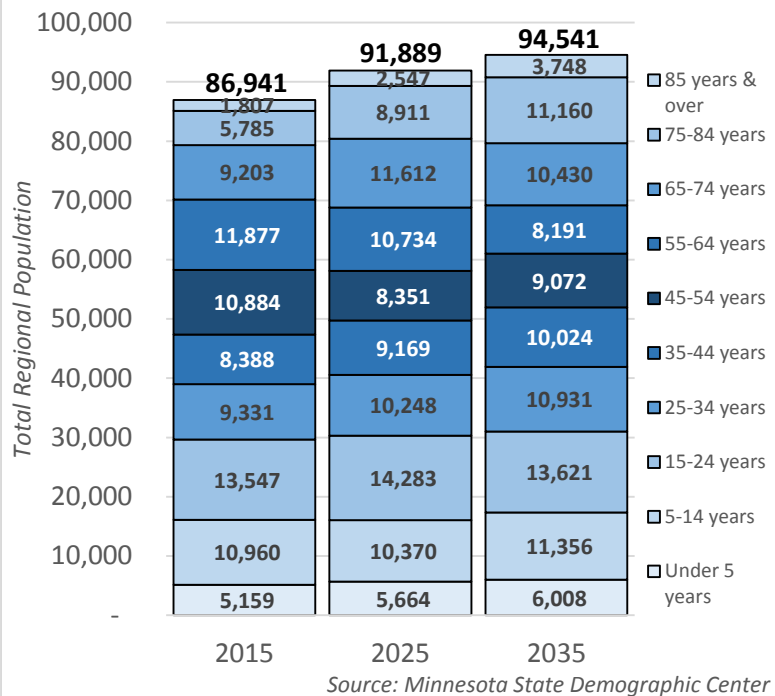
Source: U.S. Census Bureau, American Community Survey

POPULATION PROJECTIONS BY AGE GROUP, 2015-2035

Region 2 is projected to enjoy continued population growth in the next 20 years as well. According to population projections from the [Minnesota State Demographic Center](#), Region 2 is expected to gain about 7,600 net new residents from 2015 to 2035, an 8.7 percent increase (see Figure 3). In comparison, the state of Minnesota is projected to grow 10.8 percent.

However, much of this population growth is expected to be in the older age groups. Region 2 is projected to add over 8,500 people aged 65 years and over, a 50.9 percent increase. The region is also expected to gain about 3,200 people in the 25- to 44-year-old age group, as well as a corresponding increase in school-aged children. In contrast, Region 2 is expected to lose almost 5,500 people from 45 to 64 years of age – as the current Baby Boom generation moves through the population pyramid.

Figure 3. Region 2 Population Projections by Age Group, 2015-2035



POPULATION BY RACE, 2013

Region 2's population is more diverse than the state's, and is becoming more diverse over time. In 2013, just 80.2 percent of the region's residents reported White alone as their race, compared to 85.6 percent of residents statewide. This is due to 15 percent of the region's population being American Indian or Alaska Natives, compared to 1.1 percent statewide. The region also had a slightly higher percentage of people of Two or More Races than the state, but much lower percentages of all other race groups (see Table 2).

The region saw a steady increase in the number of White residents and American Indian and Alaska natives, then saw much faster gains in every other race group. The number of Black or African American residents, Asian or Other Pacific Islanders, and people of Hispanic or Latino origin all doubled in the region from 2000 to 2013.

Table 2. Race and Hispanic Origin, 2013	Region 2			Minnesota	
	Number	Percent	Change from 2000-2013	Percent	Change from 2000-2013
Total	83,659	100.0%	+9.8%	100.0%	+8.7%
White	67,103	80.2%	+6.1%	85.6%	+4.0%
Black or African American	544	0.7%	+159.0%	5.2%	+63.0%
American Indian & Alaska Native	12,358	14.8%	+15.3%	1.1%	+4.6%
Asian & Other Pac. Islander	745	0.9%	+132.8%	4.2%	+56.9%
Some Other Race	235	0.3%	+44.2%	1.4%	+17.4%
Two or More Races	2,674	3.2%	+80.4%	2.5%	+59.6%
Hispanic or Latino	1,357	1.6%	+106.2%	4.8%	+79.3%

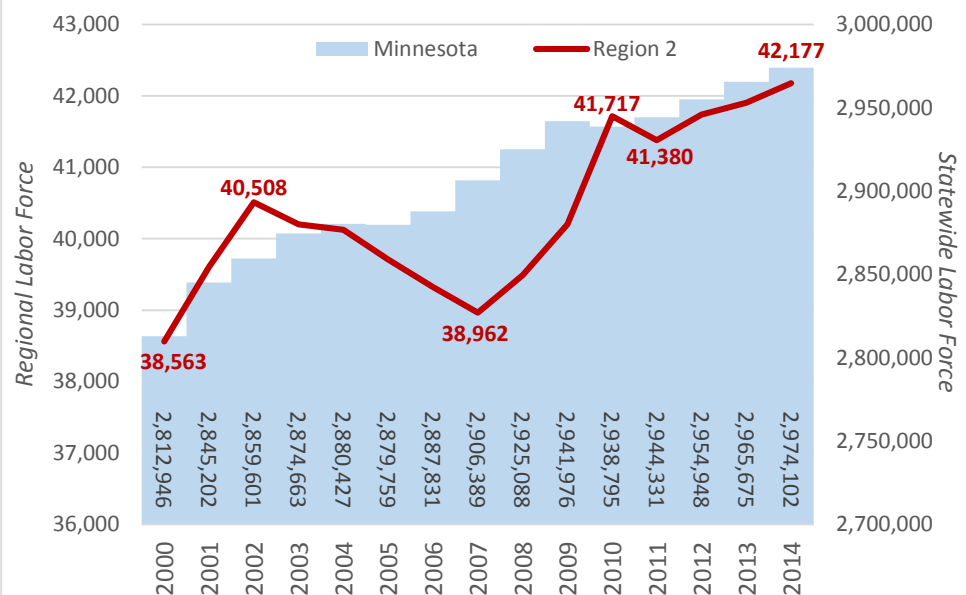
Source: [U.S. Census Bureau, American Community Survey](#)

LABOR FORCE

LABOR FORCE CHANGE, 2000-2014

According to data from DEED's [Local Area Unemployment Statistics](#) program, Region 2 has experienced substantial fluctuations in the size of the available labor force over the last 14 years in response to changing economic conditions. During the recessions in both 2001 and 2007, workers flooded into the labor market to earn extra income; leading to a record number of available workers in the region in 2014. In line with the region's population gain overall, Region 2 added about 3,600 workers over the last 14 years, from 38,563 available workers in 2000 to 42,177 workers in 2014. The state was also gaining workers over the past decade and a half, but at a more steady pace (see Figure 4). As the economy has recovered, the labor market in the region has been getting tighter, with only about 2,500 unemployed workers that were actively seeking work in 2014.

Figure 4. Annual Labor Force Estimates, 2000-2014



Source: DEED Local Area Unemployment Statistics (LAUS)

LABOR FORCE PROJECTIONS, 2015-2025

Despite the region's projected population growth, applying current labor force participation rates to future population projections by age group, as shown in Figure 3 above, would lead to a drop in workforce numbers in Region 2 over the next decade (see Table 3).

In addition to the overall decline, the labor force will see a significant shift over time, with gains in the number of workers aged 65 years and over against huge declines in the number of workers aged 45 to 64 years. However, the region is still expected to see gains in the number of workers aged 25 to 44 years, and the 25 to 54 year old age group will still be the largest part of the labor force, still accounting for about 56 percent of the total workforce (see Table 3). This will likely lead to a tight labor market in the future as well, with employers needing to respond to the changing labor force availability in the region.

Table 3. Region 2 Labor Force Projections

	2015 Labor Force Projection	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	3,071	3,091	+20	+0.7%
20 to 24 years	4,641	5,171	+530	+11.4%
25 to 44 years	14,724	16,136	+1,412	+9.6%
45 to 54 years	9,153	7,023	-2,130	-23.3%
55 to 64 years	7,518	6,795	-723	-9.6%
65 to 74 years	1,841	2,322	+481	+26.1%
75 years & over	516	779	+263	+51.0%
Total Labor Force	41,464	41,317	-147	-0.4%

Source: [Minnesota State Demographic Center, 2009-2013 American Community Survey 5-Year Estimates](#)

EMPLOYMENT CHARACTERISTICS, 2013

With just 62.3 percent of the population aged 16 years and over in the labor force, Region 2 had much lower labor force participation rates than the state's 70.3 percent. The region had lower labor force participation rates than the state in all but the youngest and oldest age groups, and the overall rate was lower because a higher percentage of Region 2's labor force was in older age groups (see Table 4).

Likewise, the region had lower participation rates than the state in most race groups; and also had large unemployment rate disparities for most minority groups. Region 2 had about 2,800 veterans and about 2,500 workers with disabilities in the labor force. In sum, unemployment rates in the region were highest for young people, minorities, workers with disabilities, and people with lower educational attainment.

Table 4. Employment Characteristics, 2013

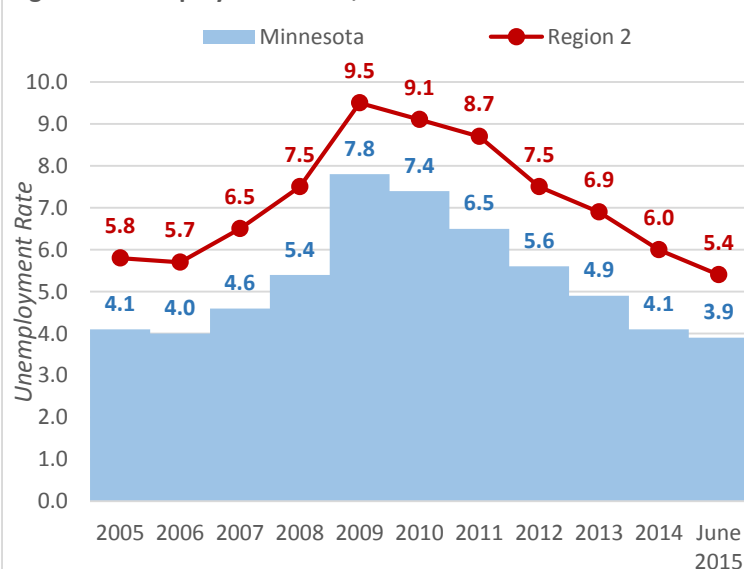
	Region 2			Minnesota	
	In Labor Force	Labor Force Partic. Rate	Unemp. Rate	Labor Force Partic. Rate	Unemp. Rate
Total Labor Force	40,900	62.3%	9.6%	70.3%	7.1%
16 to 19 years	2,605	51.0%	21.6%	50.9%	20.2%
20 to 24 years	4,816	77.1%	17.4%	81.6%	11.2%
25 to 44 years	14,702	83.1%	9.9%	88.2%	6.3%
45 to 54 years	9,627	84.1%	6.1%	87.5%	5.6%
55 to 64 years	7,227	63.3%	6.3%	71.7%	5.5%
65 to 74 years	1,525	20.0%	2.1%	26.5%	4.5%
75 years & over	415	6.8%	2.2%	5.8%	4.6%
Employment Characteristics by Race & Hispanic Origin					
White alone	34,066	61.8%	6.9%	70.5%	6.3%
Black or African American	184	55.6%	28.3%	67.6%	17.5%
American Indian & Alaska Native	5,229	63.8%	24.5%	60.1%	18.8%
Asian or Other Pac. Islanders	461	84.9%	11.3%	69.8%	8.5%
Some Other Race	96	55.8%	7.3%	77.6%	10.9%
Two or More Races	884	65.5%	22.8%	69.0%	14.4%
Hispanic or Latino	426	53.8%	27.9%	75.1%	10.4%
Employment Characteristics by Veteran Status					
Veterans, 18 to 64 years	2,783	69.8%	6.8%	77.8%	7.7%
Employment Characteristics by Disability					
With Any Disability	2,481	44.5%	17.3%	51.6%	14.6%
Employment Characteristics by Educational Attainment					
Population, 25 to 64 years	31,564	77.8%	7.9%	84.2%	5.9%
Less than H.S. Diploma	1,965	61.0%	21.2%	66.9%	14.6%
H.S. Diploma or Equivalent	8,963	73.8%	9.5%	79.4%	8.0%
Some College or Assoc. Degree	12,671	79.6%	7.6%	85.6%	6.1%
Bachelor's Degree or Higher	7,960	85.8%	3.3%	89.1%	3.4%

Source: 2009-2013 American Community Survey, 5-Year Estimates

UNEMPLOYMENT RATE, 2005-2015

Region 2 has consistently had among the highest unemployment rates in the state, typically hovering at least 1.5 to 2 percent above the state rate. According to DEED's [Local Area Unemployment Statistics](#), the region's unemployment rate rose as high as 9.5 percent in 2009, while the state rate climbed to 7.8 percent. Since then, the state and region's economies have recovered and unemployment rates are dropping back to prerecession levels, with Region 2 reporting 5.4 percent in June of 2015, though that was still 1.5 percent above the state rate (see Figure 5).

Figure 5. Unemployment Rates, 2005-2015



Source: DEED Local Area Unemployment Statistics (LAUS)

COMMUTE SHED AND LABOR SHED, 2013

According to commuting data from the [Census Bureau](#), Region 2 is a net labor exporter, having more workers than available jobs. In sum, 22,292 workers both lived and worked in Region 2 in 2013, while another 7,645 workers drove into the region from surrounding counties for work, compared to 12,116 workers who lived in the region but drove to surrounding counties for work (see Table 5 and Figure 6).

Table 5. Region 2 Inflow/Outflow Job Counts (All Jobs), 2013	2013	
	Count	Share
Employed in the Selection Area	29,937	100.0%
Employed in the Selection Area but Living Outside	7,645	25.5%
Employed and Living in the Selection Area	22,292	74.5%
Living in the Selection Area	34,408	100.0%
Living in the Selection Area but Employed Outside	12,116	35.2%
Living and Employed in the Selection Area	22,292	64.8%

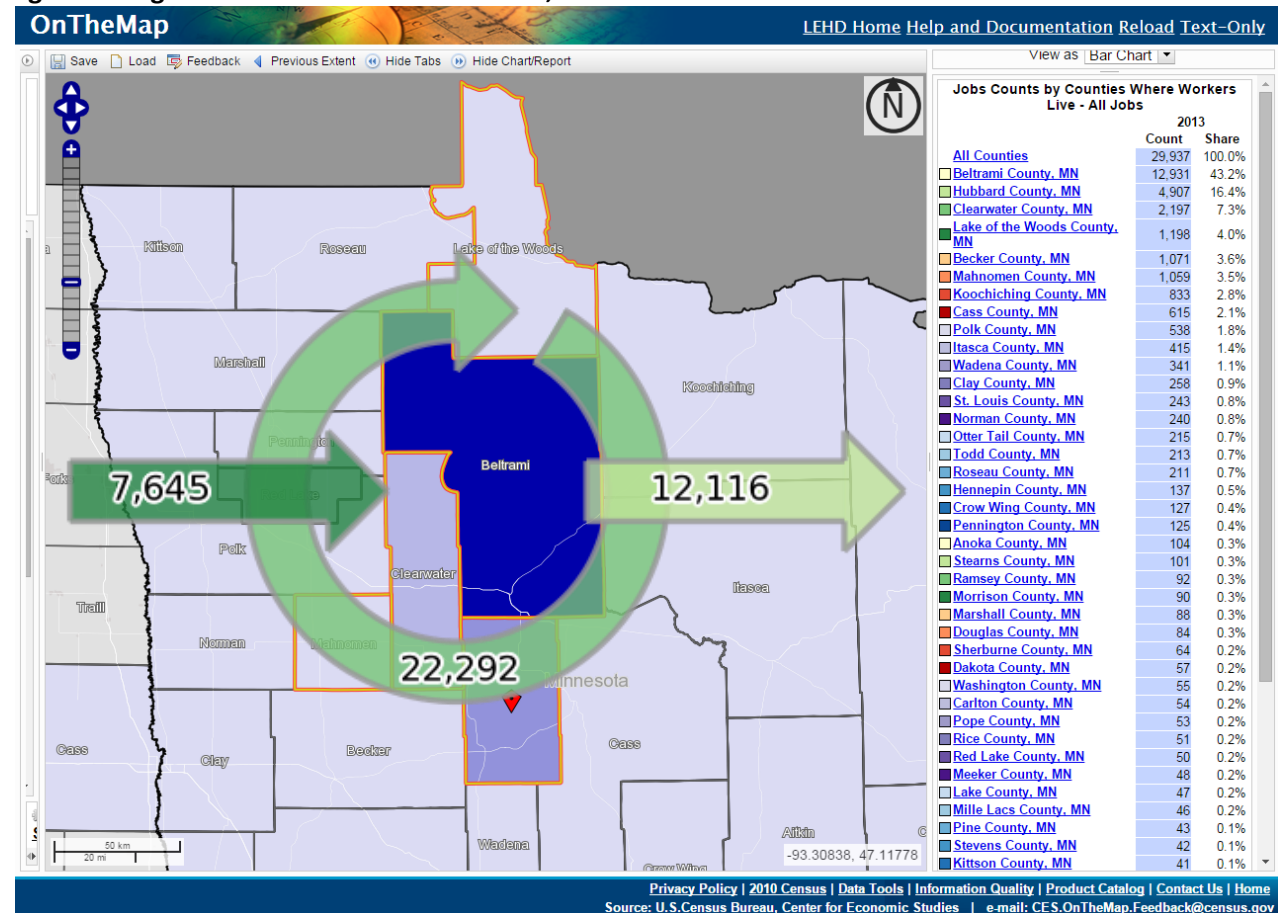
Source: [U.S. Census Bureau, OnTheMap](#)

Home to Bemidji, Beltrami County is the largest employment center in the region and was the biggest draw for workers. The other counties in the region had smaller amounts of inflow and outflow. Employers in the region both lose and draw workers from nearby counties like Becker, Koochiching, Cass, Polk, and Itasca. Though in relatively small numbers, workers from Region 2 also travel to metropolitan areas including Fargo and Grand Forks in North Dakota, as well as the Twin Cities metro area (see Table 6 and Figure 6).

Table 6. Region 2 Commuting Patterns	
Counties outside the region that send the most workers into the region	Counties outside the region that the most workers from inside the region travel to
Becker Co. MN	Cass Co. MN
Koochiching Co. MN	Becker Co. MN
Cass Co. MN	Hennepin Co. MN
Polk Co. MN	Cass Co. ND
Itasca Co. MN	Polk Co. MN

Source: [U.S. Census Bureau, OnTheMap](#)

Figure 6. Region 2 Labor and Commute Shed, 2013

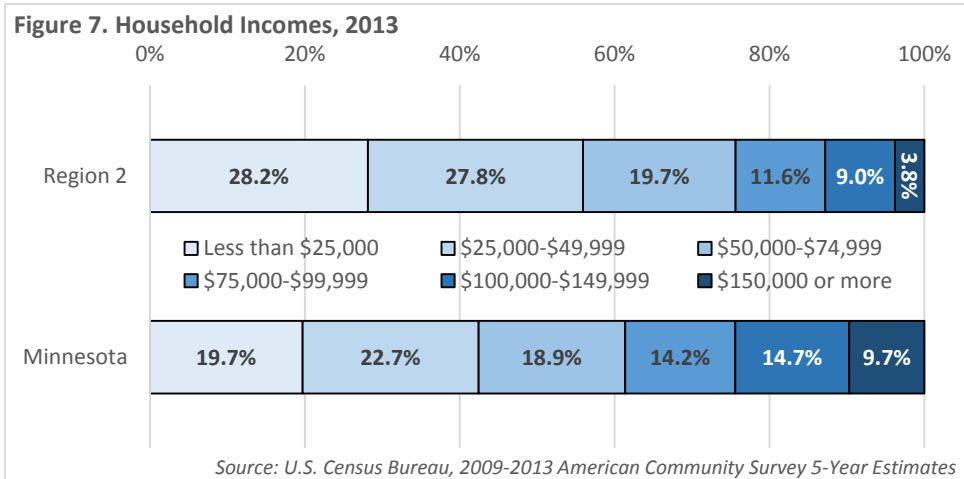


INCOMES, WAGES AND OCCUPATIONS

HOUSEHOLD INCOMES

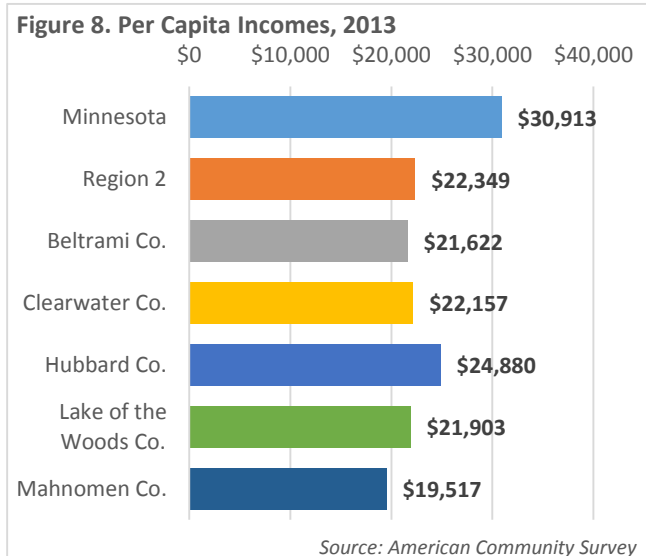
Household incomes were significantly lower in Region 2 than the rest of the state, where the median household income in 2013 was \$59,836. In the region, median household incomes ranged from \$40,282 in Mahnomen County, which was the second lowest in the state, to \$45,961 in Hubbard County, which

was the 17th lowest. In addition to Mahnomen, the other four counties are all among the 20 lowest incomes in the state. Well over half (56.0%) of the households in the region had incomes below \$50,000 in 2013, compared to 42.4 percent statewide. Just 31.3 percent of households earned between \$50,000 and \$100,000 in the region. In contrast, only 12.8 percent of households in Region 2 earned over \$100,000 per year, compared to 24.4 percent of households statewide (see Figure 7).



PER CAPITA INCOMES

Per capita incomes were also lower in the region than the state, ranging from \$19,517 in Mahnomen County to \$24,880 in Hubbard County, compared to \$30,913 in Minnesota. Region 2 had the lowest per capita income of the 13 EDRs in the state (see Figure 8).



COST OF LIVING

According to DEED's [Cost of Living tool](#), the basic needs budget for an average Minnesota family (which consists of 2 adults and 1 child, with 1 full-time and 1 part-time worker) was \$50,988 in 2015. The cost of living for a similar family in Region 2 was \$44,280 – which was the sixth highest of the 13 EDRs in the state. The highest monthly costs were for transportation, food, and housing; but the region's housing, child care, and tax costs were significantly lower than the rest of the state (see Table 7).

In order to meet the basic cost of living for the region, the workers in the family scenario listed above would need to earn \$14.19 per hour.

Table 7. Family Yearly Cost, Worker Hourly Wage, and Family Monthly Costs, 2015

Region	Family Yearly Cost of Living	Hourly Wage Required	Monthly Costs						
			Child Care	Food	Health Care	Housing	Transportation	Other	Taxes
Region 2	\$44,280	\$14.19	\$214	\$760	\$400	\$715	\$1,080	\$207	\$314
Minnesota	\$50,988	\$16.34	\$443	\$772	\$405	\$907	\$1,039	\$235	\$448

Source: [DEED Cost of Living tool](#)

WAGES AND OCCUPATIONS

According to DEED's [Occupational Employment Statistics](#) program, the median hourly wage for all occupations in Region 2 was \$15.77 in the first quarter of 2015, which was the fifth lowest wage level of the 13 EDRs in the state. Region 2's median wage was about \$3.00 below the state's median hourly wage, equaling 84.6 percent of the statewide wage rate, and almost \$4.75 below the median hourly wage in the 7-County Twin Cities metro area, which would amount to nearly \$10,000 per year for a full-time worker. Region 2 had higher wages than surrounding regions like Region 4 at \$15.66 and Region 5 at \$14.37, but lower wages than Region 1 at \$16.39 and Region 3 at \$16.58 (see Table 8).

Just over 16 percent of the jobs in Region 2 were office and administrative support occupations, which was more concentrated than in the state as a whole. Region 2 also had a higher share of workers in protective service; community and social service; construction and extraction; education, training, and library; healthcare practitioners and technical; healthcare support; building and grounds cleaning and maintenance; and farming, fishing and forestry occupations (see Table 9).

Table 8. Occupational Employment Statistics by Region, 1st Qtr. 2015	Median Hourly Wage	Estimated Regional Employment
EDR 1 - Northwest	\$16.39	36,130
EDR 2 - Headwaters	\$15.77	27,330
EDR 3 - Arrowhead	\$16.58	141,800
EDR 4 - West Central	\$15.66	83,540
EDR 5 - North Central	\$14.37	56,050
EDR 6E - Southwest Central	\$16.42	46,490
EDR 6W - Upper MN Valley	\$15.34	18,380
EDR 7E - East Central	\$16.43	44,580
EDR 7W - Central	\$16.80	172,200
EDR 8 - Southwest	\$14.79	53,380
EDR 9 - South Central	\$15.99	105,260
EDR 10 - Southeast	\$17.74	253,990
EDR 11 - 7-County Twin Cities	\$20.49	1,691,650
State of Minnesota	\$18.65	2,730,020

Source: [DEED Occupational Employment Statistics](#)

Table 9. Region 2 Occupational Employment Statistics, 1st Qtr. 2015					State of Minnesota		
	Median Hourly Wage	Estimated Regional Employment	Share of Total Employment	Location Quotient	Median Hourly Wage	Estimated Regional Employment	Share of Total Employment
Total, All Occupations	\$15.77	27,330	100.0%	1.0	\$18.65	2,730,020	100.0%
Office & Administrative Support	\$14.63	4,430	16.2%	1.1	\$17.27	409,100	15.0%
Sales & Related	\$11.05	2,770	10.1%	1.0	\$13.24	270,540	9.9%
Education, Training, & Library	\$21.35	2,370	8.7%	1.5	\$22.72	156,090	5.7%
Production	\$15.67	2,200	8.0%	1.0	\$16.61	217,830	8.0%
Healthcare Practitioners & Technical	\$25.34	2,190	8.0%	1.4	\$31.54	160,390	5.9%
Transportation & Material Moving	\$13.75	1,890	6.9%	1.1	\$16.18	167,130	6.1%
Construction & Extraction	\$21.60	1,440	5.3%	1.6	\$24.88	91,240	3.3%
Management	\$35.24	1,260	4.6%	0.8	\$47.47	165,730	6.1%
Healthcare Support	\$11.40	1,150	4.2%	1.3	\$13.63	89,360	3.3%
Building & Grounds Cleaning & Maint.	\$11.17	1,040	3.8%	1.3	\$12.03	81,560	3.0%
Installation, Maintenance, & Repair	\$19.04	1,010	3.7%	1.1	\$21.52	94,310	3.5%
Personal Care & Service	\$10.53	980	3.6%	0.8	\$11.11	120,000	4.4%
Protective Service	\$17.95	880	3.2%	2.0	\$19.43	43,660	1.6%
Business & Financial Operations	\$24.10	860	3.1%	0.5	\$30.37	159,970	5.9%
Community & Social Service	\$17.43	850	3.1%	1.7	\$20.51	49,210	1.8%
Food Preparation & Serving Related	\$9.28	730	2.7%	0.3	\$9.21	228,640	8.4%
Architecture & Engineering	\$27.97	380	1.4%	0.7	\$34.76	50,980	1.9%
Life, Physical, & Social Science	\$26.21	250	0.9%	1.0	\$30.29	24,410	0.9%
Computer & Mathematical	\$25.64	240	0.9%	0.3	\$37.96	91,560	3.4%
Arts, Design, Entertainment & Media	\$16.76	220	0.8%	0.6	\$21.82	36,430	1.3%
Farming, Fishing, & Forestry	\$12.01	130	0.5%	3.6	\$14.41	3,570	0.1%
Legal	\$30.08	70	0.3%	0.4	\$38.48	18,330	0.7%

Source: [DEED Occupational Employment Statistics, Qtr. 1 2015](#)

Not surprisingly, the lowest-paying jobs are in food preparation and serving, personal care and service, sales and related, building and grounds cleaning and maintenance, and healthcare support jobs, which tend to have lower educational and training requirements. For the most part, the gap in pay between Region 2 and the state is also lower in these jobs. In contrast, the highest paying jobs are found in management, legal, computer, business and financial operations, healthcare practitioners, and architecture and engineering occupations, which all need higher levels of education and experience. The pay gaps between the region and state are much bigger in these occupations.

JOB VACANCY SURVEY

Employers in Region 2 reported 1,751 job vacancies in the second quarter of 2015, the highest number ever recorded. Job vacancies in the region increased 18 percent from the previous year, and are up 203 percent from the recession low point in the second quarter of 2010. Overall, almost half of the openings were part-time, less than one-third required postsecondary education, and one-fourth required 1 or more years of experience. The median hourly wage offer for all occupations was \$10.32, but ranged from \$8.72 for building, grounds cleaning, and maintenance jobs to \$21.95 for management positions (see Table 10).

Table 10. Region 2 Job Vacancy Survey Results, 2nd Qtr. 2015						
	Number of Total Vacancies	Percent Part-time	Requiring Post-Secondary Education	Requiring 1 or More Years of Experience	Requiring Certificate or License	Median Hourly Wage Offer
Total, All Occupations	1,751	48%	32%	26%	31%	\$10.32
Food Preparation & Serving Related	422	61%	0%	3%	3%	\$8.95
Building, Grounds Cleaning & Maint.	256	63%	0%	1%	0%	\$8.72
Installation, Maintenance, & Repair	165	19%	76%	35%	81%	\$15.22
Healthcare Practitioners & Technical	147	30%	94%	52%	94%	\$20.76
Office & Administrative Support	133	64%	30%	31%	14%	\$9.00
Transportation & Material Moving	110	55%	6%	30%	37%	\$11.06
Sales & Related	99	85%	5%	5%	31%	\$8.90
Healthcare Support	79	48%	48%	25%	84%	\$10.88
Construction & Extraction	53	2%	44%	93%	52%	\$13.14
Personal Care & Service	45	64%	19%	3%	22%	\$9.38
Business & Financial Operations	43	5%	80%	32%	3%	\$17.09
Computer & Mathematical	43	2%	96%	88%	12%	\$11.93
Life, Physical, & Social Science	32	3%	98%	97%	58%	\$20.74
Production	31	13%	9%	20%	0%	\$10.09
Management	25	4%	100%	100%	34%	\$21.95
Architecture & Engineering	14	0%	79%	100%	7%	\$19.80
Protective Service	12	48%	27%	27%	91%	\$10.65
Community & Social Service	9	0%	68%	90%	40%	\$16.03
Education, Training, & Library	9	0%	100%	88%	88%	\$15.14

Source: [DEED Job Vacancy Survey, Qtr. 2 2015](#)

OCCUPATIONS IN DEMAND

According to DEED's [Occupations in Demand](#) tool, there are 228 occupations showing relatively high demand in the region, with training and education requirements ranging from short-term on-the-job training to postsecondary education to advanced degrees. Many of the occupations in demand in the region require a high school diploma or less. These occupations are spread across different sectors but are also concentrated in the region's major industries. For example, cashiers, maids, human services providers and counselors, nurses, mechanics, teachers, and financial services jobs are among the top occupations in demand based on the consistent need for these workers (see Table 11).

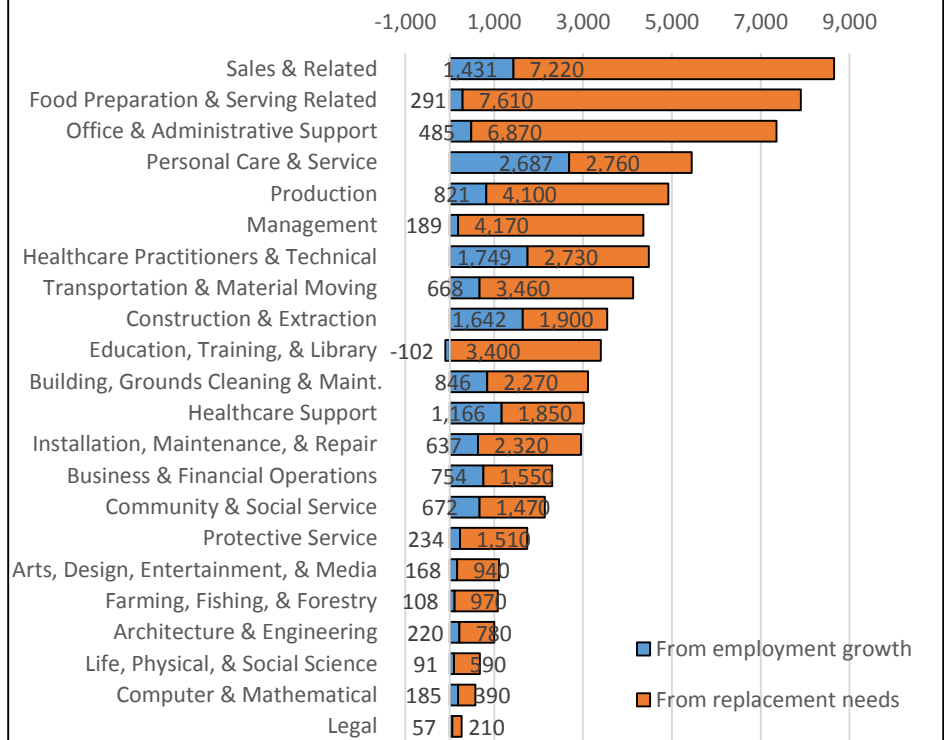
Table 11. Region 2 Occupations in Demand by Education Level, 2014			
Less than High School	High School or Equivalent	Some College or Assoc. Degree	Bachelor's Degree or Higher
Cashiers (\$19,842)	Substance Abuse & Behavioral Disorder Counselors (\$25,717)	Nursing Assistants (\$24,782)	Mental Health & Subs. Abuse Social Workers (\$46,845)
Stock Clerks & Order Fillers (\$21,144)	Customer Service Representatives (\$31,500)	Registered Nurses (\$72,022)	Mental Health Counselors (\$36,917)
Maids & Housekeeping Cleaners (\$21,434)	Bookkeeping, Accounting, & Auditing Clerks (\$31,566)	Licensed Practical & Licensed Vocational Nurses (\$36,803)	Secondary School Teachers (\$49,104)
Home Health Aides (\$20,748)	Light Truck or Delivery Services Drivers (\$24,850)	Heavy & Tractor-Trailer Truck Drivers (\$35,230)	Education Administrators, Postsecondary (\$82,147)
Retail Salespersons (\$20,537)	First-Line Supervisors of Retail Sales Workers (\$33,188)	Emergency Medical Techs. & Paramedics (\$29,044)	Medical & Health Services Managers (\$86,597)
Personal Care Aides (\$22,088)	Office Clerks, General (\$29,592)	Hairdressers, Hairstylists, & Cosmetologists (\$23,114)	General & Operations Managers (\$68,906)
Combined Food Preparation & Serving Workers (\$18,290)	Social & Human Service Assistants (\$31,849)	Medical & Clinical Laboratory Technicians (\$42,315)	Elementary School Teachers (\$48,812)
Construction Laborers (\$30,453)	Automotive Service Techs & Mechanics (\$34,428)	First-Line Supervisors of Production Workers (\$46,000)	Medical & Clinical Lab. Technologists (\$64,387)
Laborers & Freight, Stock, & Material Movers (\$21,107)	Maintenance & Repair Workers, General (\$34,100)	Radiologic Technologists (\$52,984)	Accountants & Auditors (\$56,317)
Farmworkers & Laborers, Crop, Nursery (\$25,507)	Dental Laboratory Technicians (\$36,428)	Medical Assistants (\$36,116)	Financial Managers (\$75,845)

Source: [DEED Occupations in Demand](#)

EMPLOYMENT PROJECTIONS

Region 2 is a part of the larger 26-county Northwest Minnesota Planning area, along with Region 1, Region 4, and Region 5. The Northwest planning area is projected to grow 5.9 percent from 2012 to 2022, a gain of 14,999 new jobs. In addition, the region is also expected to need 59,060 replacement openings to fill jobs left vacant by retirements and other career changers. In fact, the number of replacement openings is expected to dwarf the number of new jobs in every group except for personal care and service occupations, construction and extraction workers; and health care occupations. Education, training and library is the only occupational group that is not expected to add new jobs, though it will still have 3,400 openings (see Figure 9).

Figure 9. Northwest Minnesota Employment Projections, 2012-2022



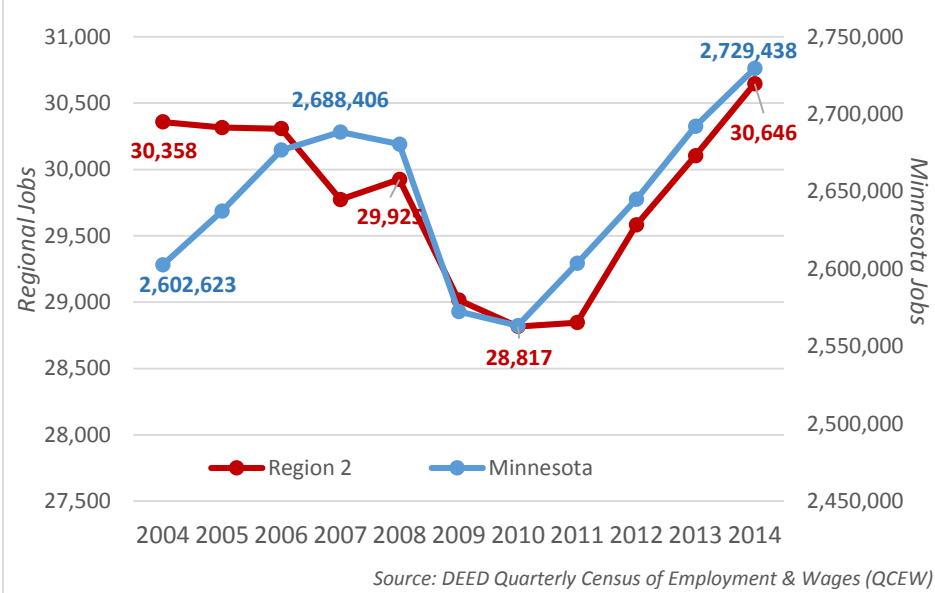
Source: DEED 2012-2022 Employment Outlook

ECONOMY

INDUSTRY EMPLOYMENT

Region 2 has seen employment ups and downs over the past decade, but ended 2014 with 288 more jobs than it had in 2004. The region entered the recession earlier than the state, experiencing job declines from 2006 to 2007, then suffering severe declines from 2008 to 2011. Since then, however, Region 2 has seen a strong recovery, gaining jobs at a 6.3 percent clip, compared to a 6.5 percent rise in the state (see Figure 10).

Figure 10. Industry Employment Change, 2004-2014



According to DEED's [Quarterly Census of Employment & Wages \(QCEW\) program](#), Region 2 was home to 2,290 business establishments providing 30,646 covered jobs through 2014, with a total payroll of just under \$1.1 billion. That was about 1.1 percent of total employment in the state of Minnesota, making it the second smallest of the 13 EDRs in the state. Average annual wages were \$34,788 in the region, which was almost \$17,000 lower than the state's average annual wage, and the fourth lowest of the 13 EDRs.

Beltrami County is the largest employment center in the region, with 18,774 jobs at 1,195 firms; accounting for over half of the region's jobs. Hubbard County was the next largest, with 5,761 jobs at 591 firms, followed by Clearwater County with 216 firms and 2,613 jobs, Mahnomen County with 114 firms and 1,912 jobs, and Lake of the Woods County with 174 firms and 1,586 jobs. As shown above, the region recovered quickly over the past five years; with 4 of the 5 counties in the region seeing job gains since 2010, led by Beltrami County, which gained 1,451 jobs. Just Mahnomen County saw job declines since 2010. Three of the 5 counties also added jobs in the past year, with Beltrami County adding 549 jobs from 2013 to 2014 (see Table 12).

Geography	Number of Firms	Number of Jobs	Total Payroll	Average Annual Wage	2010-2014		2013-2014	
					Change in Jobs	Percent Change	Change in Jobs	Percent Change
Region 2	2,290	30,646	\$1,067,846,273	\$34,788	+1,829	+6.3%	+543	+1.8%
Beltrami Co.	1,195	18,774	\$677,290,907	\$36,036	+1,451	+8.4%	+549	+3.0%
Clearwater Co.	216	2,613	\$96,827,447	\$36,920	+133	+5.4%	+58	+2.3%
Hubbard Co.	591	5,761	\$188,473,742	\$32,708	+87	+1.5%	-53	-0.9%
Lake of the Woods Co.	174	1,586	\$45,076,916	\$28,392	+174	+12.3%	+39	+2.5%
Mahnomen Co.	114	1,912	\$60,177,261	\$31,460	-15	-0.8%	-49	-2.5%
State of Minnesota	164,409	2,729,438	\$140,857,248,755	\$51,584	+166,047	+6.5%	+37,321	+1.4%

Source: [DEED Quarterly Census of Employment & Wages \(QCEW\)](#)

With 5,466 jobs at 208 firms, health care and social assistance is the largest employing industry in Region 2, accounting for 17.8 percent of total jobs in the region. Health care and social assistance employers added 230 jobs over the past five years. Due to the region's older population, the two largest sectors were hospitals and nursing and residential care facilities, which had 2,282 and 1,306 jobs, respectively, in 2014. Social assistance and ambulatory health care services both had about 925 jobs.

Retail Trade is the next largest industry in Region 2, with 4,289 jobs at 361 firms, accounting for 14 percent of total jobs in the region, despite losing 114 jobs from 2010 to 2014. The related accommodation and food services industry had 3,278 jobs at 267 firms; after gaining 459 jobs since 2010. Though both industries have relatively low wages, they account for almost 25 percent of the region's jobs.

Region 2 also has a high concentration of jobs in educational services, with 3,260 jobs at 65 institutions. Most of the jobs are at elementary and secondary schools, but the region also has over 500 jobs at colleges.

Other important industries in Region 2 include public administration, manufacturing, construction, arts, entertainment, and recreation (including casinos), transportation and warehousing, other services, administrative support and waste management services, and finance and insurance.

Eleven of the 20 main industries in the region added jobs since 2010, with huge gains in accommodation and food services, administrative support and waste management services – which includes temporary staffing agencies, manufacturing, and health care and social assistance. In contrast, the region saw small job losses in retail trade, information, finance and insurance, real estate, and educational services. Ten of 20 industries gained jobs in the past year, led by accommodation and food services (see Table 13).

NAICS Industry Title	2014 Annual Data				Avg. Annual Wage	2010-2014		2013-2014	
	Number of Firms	Number of Jobs	Percent of Jobs	Total Payroll		Change in Jobs	Percent Change	Change in Jobs	Percent Change
Total, All Industries	2,290	30,646	100.0%	\$1,067,846,273	\$34,788	+1,829	+6.3%	+543	+1.8%
Health Care & Social Assistance	208	5,466	17.8%	\$226,482,758	\$41,392	+230	+4.4%	-70	-1.3%
Retail Trade	361	4,289	14.0%	\$95,224,358	\$22,204	-114	-2.6%	-23	-0.5%
Accommodation & Food Services	267	3,278	10.7%	\$41,922,846	\$12,740	+459	+16.3%	+205	+6.7%
Educational Services	65	3,260	10.6%	\$140,590,024	\$43,316	-28	-0.9%	+59	+1.8%
Public Administration	131	2,706	8.8%	\$110,272,258	\$40,768	+46	+1.7%	+58	+2.2%
Manufacturing	91	2,411	7.9%	\$105,229,769	\$43,576	+290	+13.7%	+31	+1.3%
Construction	307	1,809	5.9%	\$83,570,823	\$45,396	+82	+4.7%	+74	+4.3%
Arts, Entertainment & Recreation	61	1,534	5.0%	\$35,334,176	\$23,036	+158	+11.5%	+29	+1.9%
Transportation & Warehousing	110	986	3.2%	\$48,099,481	\$48,776	+177	+21.9%	+90	+10.0%
Other Services	191	852	2.8%	\$17,650,656	\$20,696	-20	-2.3%	-14	-1.6%
Admin. Support & Waste Mgmt.	73	776	2.5%	\$21,778,897	\$28,080	+316	+68.7%	+31	+4.2%
Finance & Insurance	88	696	2.3%	\$29,004,979	\$41,704	-47	-6.3%	-17	-2.4%
Agriculture, Forestry, Fish & Hunt	65	576	1.9%	\$23,192,494	\$40,300	N/A	N/A	N/A	N/A
Wholesale Trade	62	569	1.9%	\$23,213,076	\$40,820	+110	+24.0%	+37	+7.0%
Professional & Technical Services	111	501	1.6%	\$19,473,025	\$38,948	+69	+16.0%	N/A	N/A
Information	33	476	1.6%	\$20,256,261	\$42,536	-49	-9.3%	-18	-3.6%
Utilities	13	232	0.8%	\$17,110,037	\$73,840	+2	+0.9%	+8	+3.6%
Real Estate & Rental & Leasing	45	140	0.5%	\$4,128,274	\$29,484	-33	-19.1%	-16	-10.3%
Management of Companies	5	54	0.2%	\$3,595,005	\$67,548	N/A	N/A	N/A	N/A
Mining	5	31	0.1%	\$1,717,076	\$52,416	N/A	N/A	N/A	N/A

Source: [DEED Quarterly Census of Employment & Wages \(QCEW\)](#)

DISTINGUISHING INDUSTRIES

Region 2 stands out in the state for its high concentrations of employment in amusement, gambling and recreation and accommodation. Region 2 has 1.1 percent of total state employment, but has over 30 percent of the state's jobs in pipeline transportation, and almost 25 percent of jobs in forestry and logging. Region 2 also has high concentrations in several areas of public administration, including administration of environmental quality programs, administration of housing programs, urban planning, and community development, and executive, legislative, and other general government support (see Table 14).

NAICS Industry Title	NAICS Code	Number of Firms	Number of Jobs	Total Payroll	Avg. Annual Wages	Location Quotient
Total, All Industries	0	2,290	30,646	\$1,067,846,273	\$34,788	1.0
Pipeline Transportation	486	7	187	\$20,388,247	\$109,356	26.9
Forestry & Logging	113	30	230	\$11,619,878	\$50,492	21.7
Crop Production	111	21	256	\$8,980,186	\$35,308	3.4
Amusement, Gambling & Recreation Industries	713	44	1,324	\$33,403,113	\$25,220	3.3
Heavy & Civil Engineering Construction	237	39	797	\$43,548,141	\$53,664	3.2
Administration of Environ. Quality Programs	924	29	293	\$13,026,794	\$45,292	3.2
Wood Product Manufacturing	321	20	367	\$21,164,026	\$57,928	3.0
Admin. of Housing, Urban Planning, & Comm. Dev.	925	8	77	\$2,866,002	\$37,544	2.5
Accommodation	721	106	872	\$13,960,880	\$16,120	2.4
Executive, Legislative, & General Gov't Support	921	45	1,568	\$57,702,466	\$36,816	2.1

Source: [DEED Quarterly Census of Employment & Wages \(QCEW\)](#)

INDUSTRY PROJECTIONS

As noted above, Region 2 is part of the 26-county Northwest Minnesota Planning Region, which is projected to grow 5.9 percent from 2012 to 2022, a gain of 14,999 new jobs.

The largest and fastest growing industry is expected to be health care and social assistance, which may account for nearly 40 percent of total projected growth in the region by 2022. The region is also expected to see significant employment growth in retail trade, construction, wholesale trade, accommodation and food services, and agriculture, forestry, fishing and hunting. In contrast, the region is expected to see declines in finance and insurance, information, utilities, and mining (see Table 15).

Industry	Estimated Employment 2012	Projected Employment 2022	Percent Change 2012-2022	Numeric Change 2012-2022
Total, All Industries	254,122	269,121	+5.9%	+14,999
Health Care & Social Assistance	32,742	38,734	+18.3%	+5,992
Retail Trade	27,570	29,508	+7.0%	+1,938
Manufacturing	27,195	28,176	+3.6%	+981
Accommodation & Food Services	19,495	19,925	+2.2%	+430
Wholesale Trade	11,144	12,001	+7.7%	+857
Construction	9,165	10,585	+15.5%	+1,420
Other Services	10,198	10,337	+1.4%	+139
Agriculture, Forestry, Fish & Hunt	5,745	6,161	+7.2%	+416
Finance & Insurance	5,747	5,689	-1.0%	-58
Transportation & Warehousing	5,302	5,443	+2.7%	+141
Arts, Entertainment & Recreation	4,939	5,173	+4.7%	+234
Professional & Technical Services	4,585	4,953	+8.0%	+368
Admin. Support & Waste Mgmt.	4,273	4,647	+8.8%	+374
Information	2,902	2,539	-12.5%	-363
Educational Services	2,446	2,490	+1.8%	+44
Real Estate & Rental & Leasing	1,376	1,539	+11.8%	+163
Utilities	1,184	1,068	-9.8%	-116
Management of Companies	679	767	+13.0%	+88
Mining	261	226	-13.4%	-35

Source: [DEED 2012-2022 Employment Outlook](#)

EMPLOYERS BY SIZE CLASS

The vast majority of businesses in Region 2 are small businesses, with 56.5 percent of businesses reporting 1 to 4 employees in 2013, according to County Business Patterns from the U.S. Census Bureau. Another 33.6 percent had between 5 and 19 employees; and 8.6 percent had between 20 and 99 employees. Only 1.3 percent had 100 to 499 employees, compared to 2.4 percent of businesses in the state. Just 2 businesses in the region had more than 500 employees, which is the Small Business Administration's official cut off for a "small business". Obviously then, small businesses are vital to the region's economy (see Table 16).

Table 16. Employers by Size Class, 2013			
	Region 2		Minnesota
Number of Employees	Number of Firms	Percent of Firms	Percent of Firms
1-4	1,246	56.5%	54.2%
5-9	445	20.2%	17.7%
10-19	296	13.4%	13.4%
20-49	141	6.4%	8.9%
50-99	48	2.2%	3.2%
100-249	20	0.9%	1.9%
250-499	9	0.4%	0.5%
500-999	1	0.0%	0.2%
1,000 or more	1	0.0%	0.1%
Total Firms	2,207	100.0%	100.0%

Source: [U.S. Census, County Business Patterns](#)

NONEMPLOYER ESTABLISHMENTS

Before growing, the basic building block of most small businesses is a self-employed business. Region 2 was home to 5,980 self-employed businesses or "nonemployers" in 2013, which are defined by the U.S. Census Bureau as "businesses without paid employees that are subject to federal income tax, originating from tax return information of the Internal Revenue Service (IRS)." Unlike covered employment, Region 2 saw a steady decline in nonemployers over the past decade, responding to economic changes. In sum, the region lost 230 nonemployers from 2003 to 2013, a -3.7 percent decrease. The largest amount of nonemployers was in Beltrami County, while Hubbard County was the only county in the region to see an increase in self-employment. These nonemployers generated sales receipts of \$221 million in 2013 (see Table 17).

Table 17. Nonemployer Statistics, 2013				
	2013		2003-2013	
	Number of Firms	Receipts (\$1,000s)	Change in Firms	Percent Change
Region 2	5,980	\$220,970	-230	-3.7%
Beltrami Co.	2,979	\$108,775	-82	-2.7%
Clearwater Co.	649	\$24,983	-120	-15.6%
Hubbard Co.	1,698	\$60,256	+129	+8.2%
Lake of the Woods	351	\$13,822	-47	-11.8%
Mahnomen Co.	303	\$13,134	-110	-26.6%
Minnesota	388,900	\$17,268,230	+40,173	+11.5%

Source: [U.S. Census, Nonemployer Statistics program](#)

CENSUS OF AGRICULTURE

Unlike other parts of Greater Minnesota, agriculture is not a key industry in Region 2, but there are 2,004 farms producing just under \$225 million in the market value of products sold in 2012 according to the U.S. Department of Agriculture. All of the counties in the planning region rank near the bottom in Minnesota in regards to the market value of products sold. However, the region experienced an increase in the market value of products sold since 2007 (see Table 18).

Table 18. Census of Agriculture, 2012			State Rank	Change in Market Value, 2007-2012
	Number of Farms	Market Value of Products Sold		
Region 2	2,004	\$224,650,000		+75.4%
Beltrami Co.	573	\$32,385,000	75	+54.4%
Clearwater Co.	519	\$31,055,000	77	+34.3%
Hubbard Co.	406	\$46,071,000	73	+41.2%
Lake of the Woods	196	\$19,118,000	79	+157.9%
Mahnomen Co.	310	\$96,021,000	61	+118.6%
Minnesota	74,542	\$21,280,184,000		+61.5%

Source: [2012 Census of Agriculture](#)